

# DEPARTMENT OF TAXATION

## 2025 Fiscal Impact Statement

1. **Patron** Mark L. Earley

3. **Committee** House Finance

4. **Title** Income Tax: Education Improvement  
Scholarships Tax Credit sunset repeal

2. **Bill Number** HB 2759

**House of Origin:**

X **Introduced**

       **Substitute**

       **Engrossed**

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would remove the January 1, 2028, sunset date for the Education Improvement Scholarships Tax Credit. As a result, the Education Improvement Scholarships Tax Credit would become permanent and not expire after Taxable Year 2027.

If enacted during the regular session of the 2025 General Assembly, this bill would become effective July 1, 2025.

6. **Budget amendment necessary:** No.

7. **No Fiscal Impact:** (See Line 8.)

### 8. **Fiscal implications:**

#### Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill to be routine and does not require additional funding.

The Department of Education considers implementation of this bill to be routine and does not require additional funding.

#### Revenue Impact

Because the Official General Fund revenue forecast assumes extension of this tax credit, this bill would have no General Fund revenue impact, and no budget amendment is needed.

### 9. **Specific agency or political subdivisions affected:**

Department of Taxation  
Department of Education

**10. Technical amendment necessary:** No.

**11. Other comments:**

Education Improvement Scholarships Tax Credit

The Education Improvement Scholarships Tax Credit provides an income tax credit to taxpayers equal to 65 percent of value of the monetary or marketable securities donations they made to a qualifying scholarship foundation. Tax credits are awarded to taxpayers on a first-come, first-served basis. DOE is responsible for approving scholarship foundations and allocating the Education Improvement Scholarships Tax Credit, and these decisions are final and are not subject to review or appeal. A taxpayer that makes a donation to a scholarship foundation is eligible to receive an income tax credit from that scholarship foundation.

No tax credit is allowed if the donation is less than \$500. No more than \$125,000 in tax credits may be issued to an individual in a taxable year. The \$125,000 limitation does not apply to tax credits issued to any business entity, including a sole proprietorship. In addition, taxpayers may carry forward unused credits for up to five taxable years. The Education Improvement Scholarships Tax Credit is subject to an overall annual credit cap of \$25 million.

The Education Improvement Scholarships Tax Credit sunsets beginning January 1, 2028.

Proposal

This bill would remove the January 1, 2028, sunset date for the Education Improvement Scholarships Tax Credit. As a result, the Education Improvement Scholarships Tax Credit would become permanent and not expire after Taxable Year 2027.

If enacted during the regular session of the 2025 General Assembly, this bill would become effective July 1, 2025.

Similar Bills

**HB 2762** would remove the cap on scholarships for each eligible student under the Education Improvement Scholarships Tax Credit starting July 1, 2025.

cc : Secretary of Finance

Date: 01/25/2025 AO  
HB2759F161